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Glossary

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ACKNOWLEDGEMENTS

City of Austin, Texas; City of Campbell, California; City of Gastonia, NC; City of Half Moon Bay, California; City of Healdsburg, California; City of Hickory, NC; City of North Lauderdale, Florida; City of Ocala, Florida; City of Pinecrest, Florida; City of Santa Barbara, California; Polk County, Florida; City of Ft. Worth, Texas; City Of Wichita, Kansas

USERS GUIDE TO THE FY 04-05 BUDGET DOCUMENT

The Budget

The budget is the spending plan for all financial resources available to the City. Through these resources, services are provided that attempt to meet the needs and desires of Miami Gardens' residents. The City Council and City staff respond to the community's needs in part through the budget. It balances not only revenues and costs, but also actualizes community priorities and desires. The actual budget document is divided into various seven sections as outlined below. Each section provides the reader with important information on the City and its spending priorities. A glossary is provided at the end of the document so that readers can easily find the definition of unusual or unfamiliar words and acronyms.

Table of Contents and Users Guide to the Budget

This introductory section is designed to familiarize the reader with the City of Miami Gardens and the budget process itself. Governmental budgeting can be confusing maize of actions, deadlines and legal requirements. This section provides the reader with an overview of the process and summaries of the critical policy issues that drive the budget process.

City Manager's Budget Message

The Charter of the City of Miami Gardens charges the City Manager with the preparation of the City's annual budget. The Manager's budget message contains a summary of the upcoming budget and the issues and challenges faced in its development. It also presents an overview of the budget format and a detailed explanation of property taxes as they apply to Miami Gardens.

Financial Summaries

This section of the budget document gives the reader an overall picture of the City and the budget. Summaries of projected revenue and expenditures are presented for the overall city budget and for each fund. Information provided includes budgeted resources available (beginning and ending fund balances, revenues, and transfers) and the extent to which they will finance our requirements.

Fund and Departmental Detail

This section comprises the heart of the proposed budget. Divided by fund, each section presents a detailed summary of expected revenues and detailed expenditure by department, including historical information about each revenue source and proposed expenditure line item for personnel, operating and capital expenditure line items. At the end of each Fund detail, there is a Fund summary. The historical data provides the reader with a good view of trends and assists the in developing meaningful projections.

In addition to the financial data, the section provides, by department, a brief narrative description of the duties and responsibilities of each department and Fund, a listing of major accomplishments for the preceding year, and goals for the coming year. Also provided is a staffing history for the department. Finally, a millage equivalent has been calculated for each department in order to give the reader a different perspective on the cost of running the various operations.

Capital Improvements Program

Because capital improvements often constitute large sums of public funds and are a key element in providing governmental services, this section is designed to familiarize the reader with the City's program, policies and activities regarding capital improvements.

Charts and Tables

This section presents various information tables and charts: The first is the table of tentative equipment needs. Because the City of Miami Gardens is a new City, it will be necessary to procure a variety of capital equipment which to carry out our operating responsibilities. Because the budget was compiled without any operating staff input, as they was no staff, the list is considered tentative. Once the City brings aboard its appropriate department heads, the list may be refined based on their more intimate knowledge of the requirements of their respective departments.

The second table presented is a listing, by department, of the authorized personnel for FY 04-05. Finally, several charts are presented to show the breakdown of sources and uses of General Fund revenue and expenditures respectively. Theses are presented in order to give the reader a better overview of the city's budget.

Miscellaneous Statistical Data

This section is provided in order to give the reader a perspective of the budget in the broader context of community and county by providing comparative data on taxes, demographic information and other community statistics.

Appendix

Municipal finance and budgeting is at best, a bewildering process of terms, acronyms and processes. Even seasoned staff often finds it difficult to keep up with the latest terms and definitions. It is almost impossible for the lay reader of a municipal budget to fully understand all of the jargon. A Glossary is presented as a helpful guide residents and others who are not familiar with government terminology.

FINANCIAL AND NON-FINANCIAL GOALS

This budget document is designed to provide the reader with a comprehensive understanding of the City financial policies, procedures and financial objectives. However, a City does not exist for finances. It exists to provide services to its residents and to aid in fulfilling their vision for a good life. To do this, the budget provides the fuel (money) to accomplish these visions. Too often, we tend to see the budget and finance process as a separate entity from the overall goals and objectives of the City. To this end, the budget must be viewed in conjunction with the City's Comprehensive Development Master Plan (CDMP).

The CDMP plan is a state-mandated process designed to assist cities and counties in developing a long term vision for their communities. It is a series of smaller plans including Land Use, Parks & Recreation, Public Safety, Housing, Environment, Utilities, Transportation and Intergovernmental Cooperation, among others. The linkage between the goals, objectives and action plans developed in the CDMP process and the Annual Budget process is fundamental to municipal finance.

As part of the CDMP process, annual goals and objectives were identified. For each of these goals and objectives, specific, yearly actions plans were developed. These yearly objectives are then translated into the annual budget process for funding. In Section B of this budget document, each operating department has identified several goals and objectives for the coming year. Many of these were derived from the CDMP.

Because we are a new city, and have only had more than a handful of employees until late September, there has been insufficient time to develop and meaningful long range plans for any of our operations. During the coming year, we hope to begin developing several important long range plans in addition to the CDMP described above. These include 5-year operating pro formas for each fund; a five year vehicle acquisition plan; a five year beatification plan; and an emergency operations plan.

STRUCTURE OF THE GOVERNMENT BODY

The City of Miami Gardens, Florida, operates under a Council- Manager form of government. Elected officials include the mayor and six council members. There are four single-member, resident districts from which four council members are chosen, with the remaining two council members being elected at-large by citywide vote. The mayor is also elected at-large. The citywide organizational chart, shown on page xiii of this book, displays the relationships between the various organizational units of the City government.

The City Council appoints three staff members – The City Manager, the City Clerk, and the City Attorney. All other departments and employees report to the City Manager. As shown in the organizational chart, there is one Assistant City Manager and two Assistant to the City Managers responsible for the various departments who report to the City Manager.

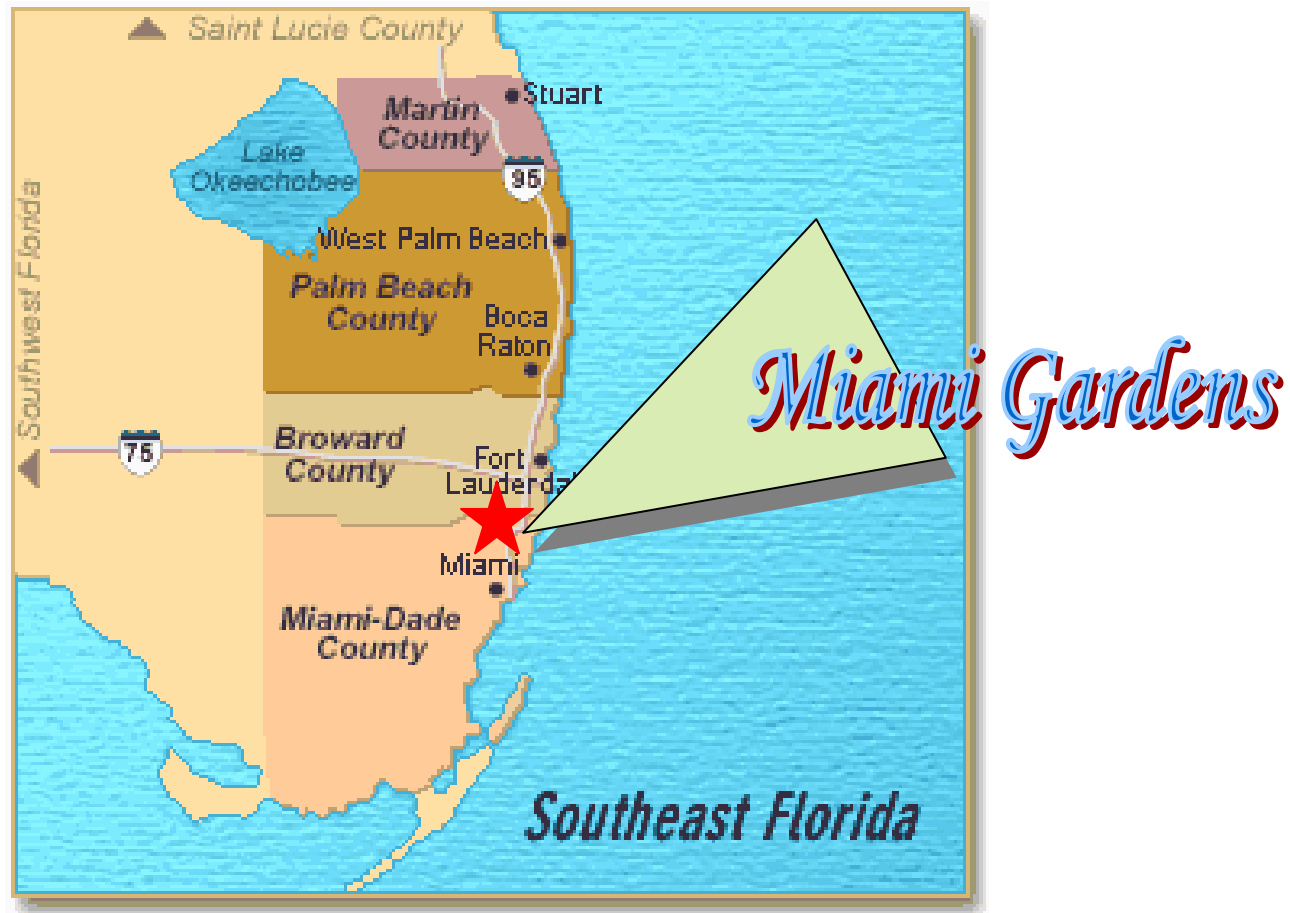
CITY OF MIAMI GARDENS OVERVIEW

The City of Miami Gardens, Florida, was incorporated on May 13, 2003, as the 33rd municipality in Miami-Dade County, and at a population of 105,800, is the county's third largest city after the cities of Miami and Hialeah. Located in North-Central Miami-Dade County, it stretches from I-95 and NE 2nd Street on the East, to NW 47th and NW57 Avenues on the West, and from the Broward County line on the North, to 151st Street on the South. In total, the City comprises approximately 22 square miles.

Miami Gardens is a solid, working and middle class community of unique diversity. It is the largest predominately African-American municipality in the State of Florida, and boasts many Caribbean residents. It is the home to the Miami Dolphins'/Florida Marlins' Pro Player Stadium and to Calder Race Track. It has vibrant commercial corridors along the Palmetto Expressway serving as a central shopping district for the furniture trade, and along North U.S. 441 serving the automobile trade.

The City is blessed with a central location, midway between Ft. Lauderdale and Miami, and is traversed by I-95, the Palmetto Expressway (SR 826), and the Florida Turnpike. It has rail access through the Florida East Coast Railway and the South Florida Tri-rail system. There are three high schools and two colleges/universities within the City.

The City provides various municipal services to its residents including Police (through a contract with Miami-Dade County), Planning and Zoning services, Building Code services, public works, parks & recreation, code enforcement, and school crossing guards. The City is currently staffing these departments. Fire and rescue services, sanitation and library services are provided by Miami-Dade County.



GENERAL CITY FACTS:



Florida Memorial College



New City Entrance Sign

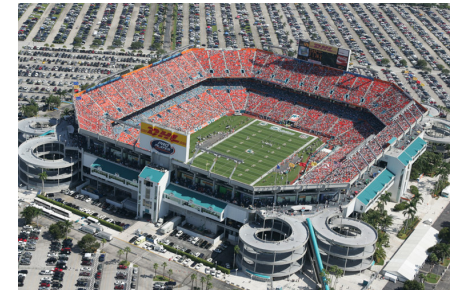


Chapel at St. Thomas University

Number of Residents	105,800
African-American	79%
Hispanic	16%
Other	5%
Number of Schools	
Elementary	29
Middle	12
High School	3
Colleges/Universities	2
Number of budgeted City Employees:	
Total regular positions	75
Total Part Time	81
Police:	
Number of budgeted positions	160
Vehicular patrol units	78
Public Works	
Miles of Streets	260
Miles of Canal	10
Parks and Recreation:	
Number of parks	16
Playgrounds in City parks	11
Number of City Pools	4
Tennis courts	7
Basketball Courts	1
Special Recreation Facilities	
Pro Player Stadium	1
Calder Race Track	1
Libraries (County):	
North Dade Regional	1



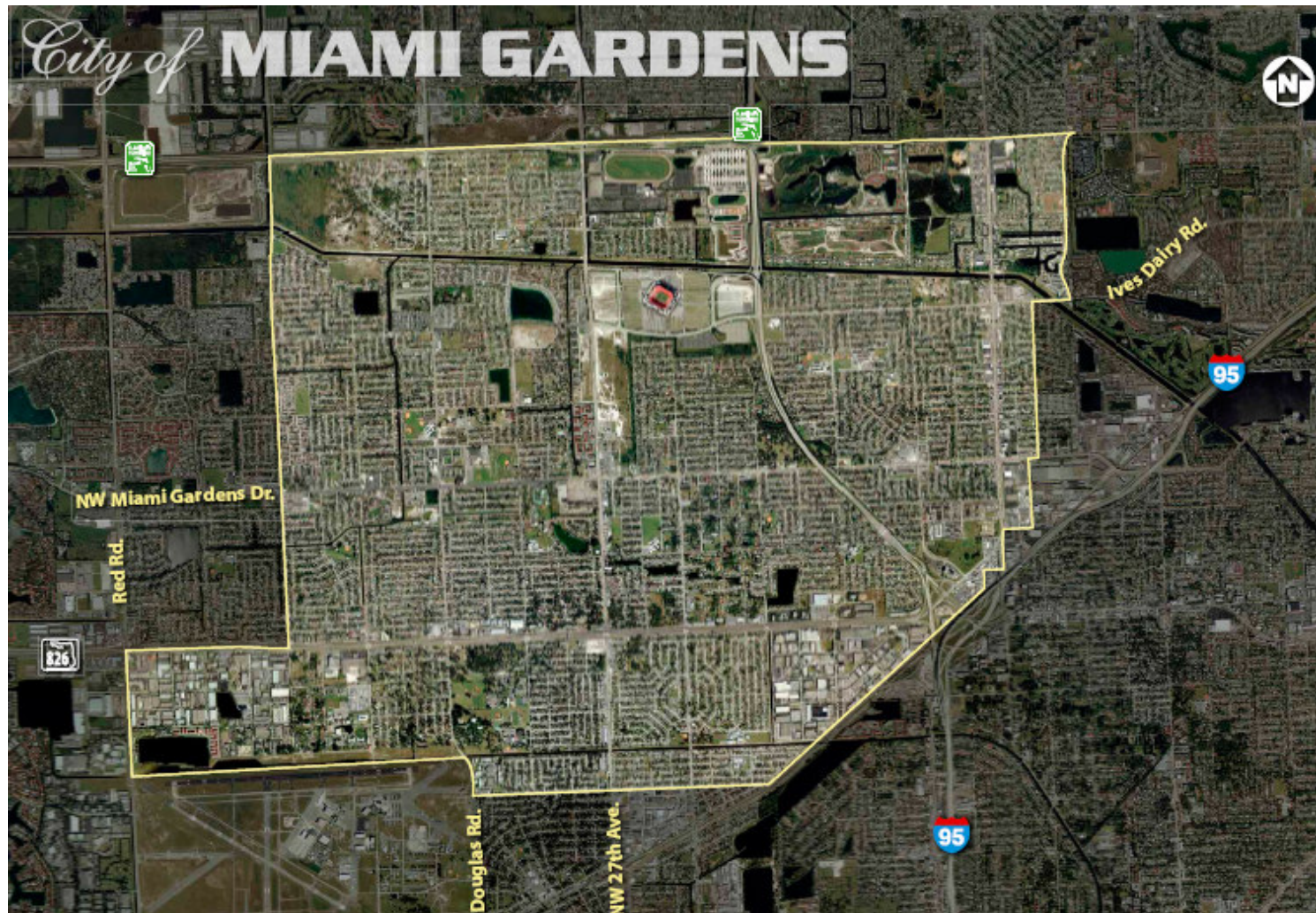
Calder Race Course



Pro Player Stadium



Arch at Sunshine International Park



**Residents
City of Miami Gardens**

**Mayor &
City Council**

City Clerk

**City
Manager**

City Attorney

Assistant To The
City Manager
For
Business Services

Assistant
City
Manager

Assistant To The
City Manager
For
Public Services

Planning & Zoning
Department

Public Works
Department

Human
Resources
Department

Financial
Services Department

Public Safety
Department

Building
Services Department

General
Services
Department

Parks &
Recreation Department

Code Enforcements
Department

MIAMI GARDENS' BUDGET PROCESS

Budget Process and Calendar

A large portion of the budget process in Florida is statutorily driven as outlined in the timetable below. Immediately following this timetable is the specific budget calendar for the City of Miami Gardens. Utilizing this timetable, the City Manager and his staff prepare a tentative budget for consideration by the Mayor and City Council. For Miami Gardens and the FY 04-05 budget, this process was particularly difficult as there is little or no historical budget information from which to develop realistic revenue projection or expenditure needs. Nonetheless, the process went forward and concluded in the adoption of the FY 04-05 budget on September 29th, 2004.

The Planning Phase

Under normal circumstances, in October of each fiscal year, plans are set forth for next year's budget process. Because of our being a new City, plans for the FY 04-05 budget process only began in January of 2004 with the hiring of the City's first permanent City Manager. Realistically, actual budget estimates did not begin until April with the hiring of the Assistant City Manager and the two Assistants to the City Manager. During this period, the City Manager developed a budget program on Excel to be used for the development and presentation of the budget.

The Preparation Phase

The beginning phase of budget preparation involved staff preparing updates to the City's anticipated revenues. Under normal circumstances, this involves developing accurate projections of traditional revenues and estimating any new revenues expected in the subsequent year. However, since Miami Gardens had little or no revenue history, and that Miami-Dade County was unable to supply detailed revenue histories for many of the revenues they collect on behalf of the City, it fell to us to estimate these revenue streams.

Also during this phase, staff began to develop expenditure profiles for each City operation. Again, as a new City, this proved to be difficult. Having little or no experience in operating programs, and receiving little historical information from the County, estimating proved to be a formidable task. Not only did we have a lack of data, but many of the programs we were proposing to undertake also had no history and staff was forced to develop personnel and expenditure estimates from scratch.

Finally, the preliminary phase included a budget workshop with the Mayor and City Council to clarify their immediate goals and objective for the coming year.

Subsequent to the City Council Workshop, staff begins the process of building the budget. For FY 04-05, this also included developing a format template for the budget presentation as we had not prepared a full budget in the past.

The Review Phase

Normally in a city budget process, this phase involves the City Manager reviewing the submittals from the various departments. Changes and updates are made to the proposed revenue and spending levels based on overall city priorities and as a result of a series of one-on-one meetings with the department heads. However, for the FY 04-05 budget for Miami Gardens, this phase mainly consisted in the City manager and staff continually refining the estimates and program needs. Matching proposed services levels with the necessary personnel and other resources was an on-going process that demanded considerable investigation and focus on the multiple missions.

These reviews and refinements continued until the preparation of the tentative budget was completed in mid July.

The Adoption Phase

In late July, in a special scheduled City Council meeting, a tentatively balanced budget is presented to the Council. At this meeting, which is advertised to the public, the City Council must adopt a tentative millage rate for the coming year. This is a requirement of state statutes. The adopted rate is then the maximum millage rate that can be included in the coming budget. The City Council at a later budget hearing may reduce the rate if it so desires. At this July special meeting, the Council also adopts a schedule of workshops and formal public hearings for adoption of the budget. The two formal public hearing must be held in September and cannot conflict with the hearing date established by the County School Board or the County Commission.

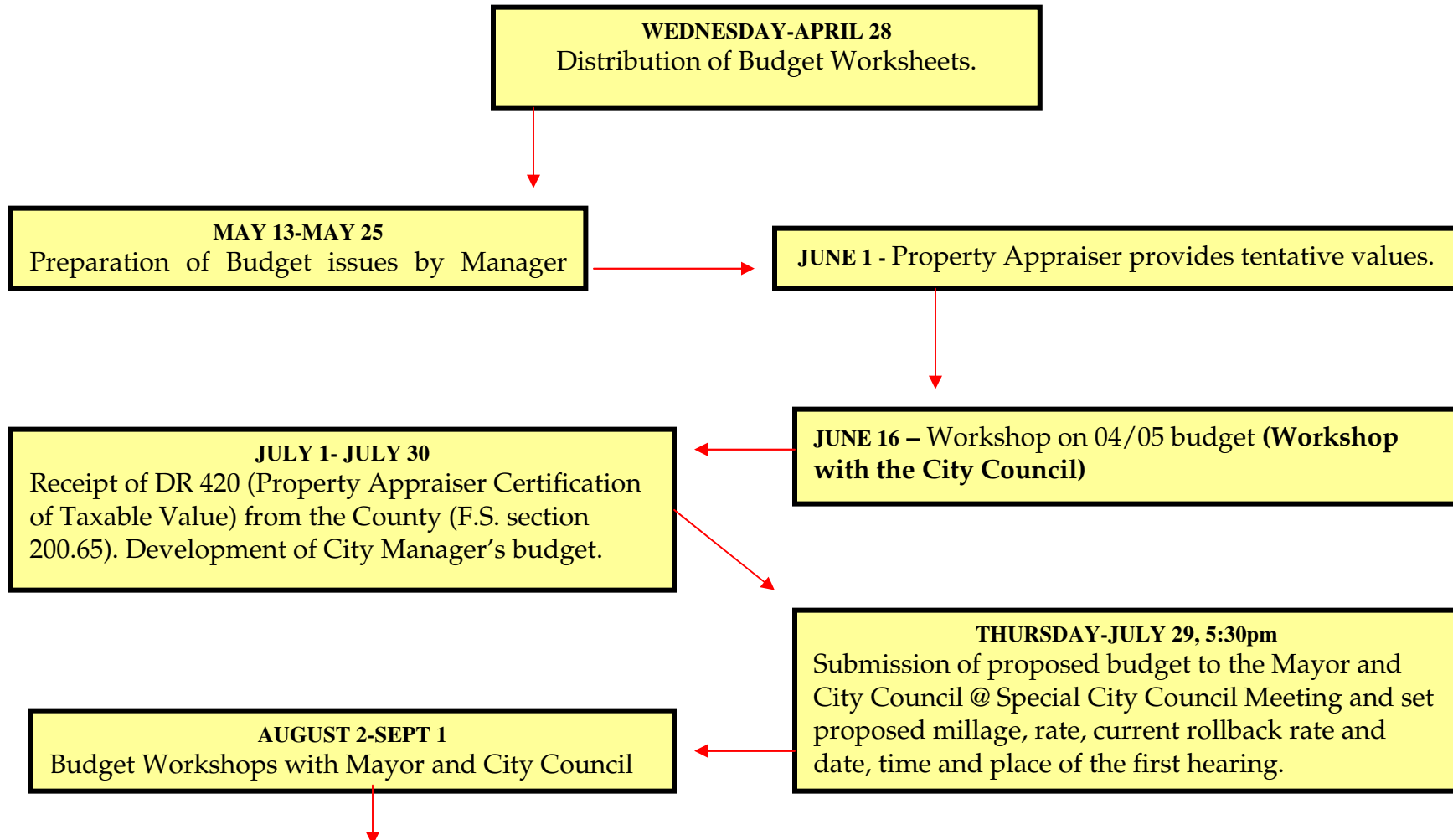
For FY 04-05, series of five Town Hall meetings were scheduled for August and early September to receive public input. A meeting was scheduled in each of the four City Council districts and one city-wide meeting was scheduled. During this time period, the Notice of Proposed Property Taxes, otherwise known as TRIM (Truth in Millage) notices, are prepared and mailed by the County Property Appraiser. Printed on the TRIM notice is the date of the first scheduled public hearing to adopt the tentative budget and the tentative millage rate. This meeting was set for the evening of September 15, 2004. The purpose of the public hearing is to give the general public an opportunity to speak for or against the proposed budget and millage rate. At the end of the first public hearing, a date and time was set for the final public hearing, this being on September 29, 2004. An advertisement was then prepared and placed in a local newspaper. This ad contained summary budget information along with the tentative millage rate and the tentative approved budget based on the first hearing. Also noted were the time, date and location for the final hearing. The purpose of the final public hearing is to once again give the general public an opportunity to speak for or against the budget and proposed millage rate. At this meeting, the City Council adopted the final budget and millage rate. Within the next three days of adoption, the City must notify the County Property Appraiser, County Tax Collector and the State Department of Revenue, of the adopted millage rate. Final tax invoices are mailed to property owners by the Tax Collector at the beginning of November. The budget is effective on October 1 of each year.

Amendments After Adoption

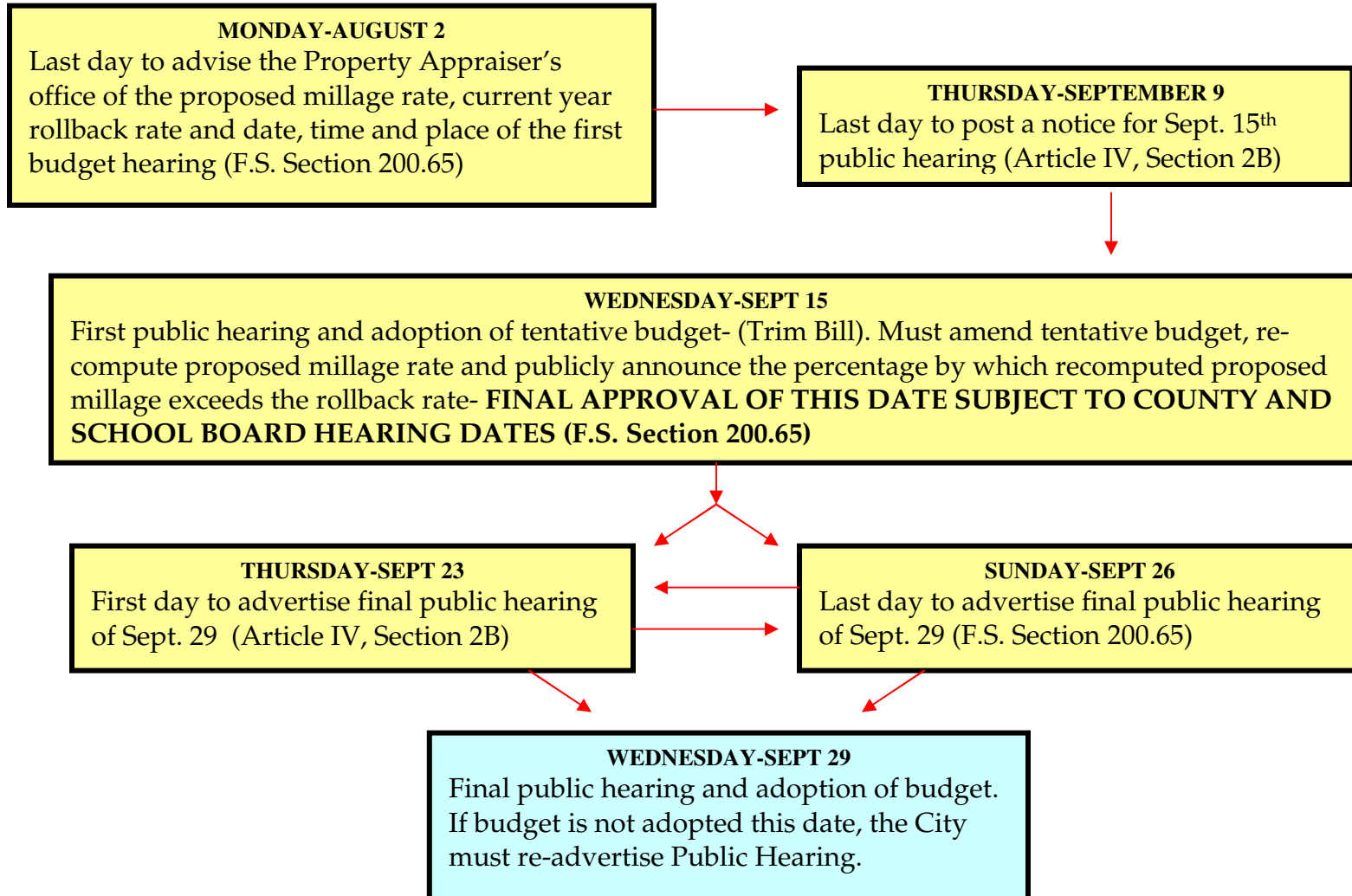
As provided in Florida Statute 129.06, once the budget is adopted, the City Council, at any time within a fiscal year, may amend the budget in the following manner:

1. Appropriations for expenditures are adopted at the fund level. Any changes in those levels subsequent to the budget adoption must be approved by action of the City Council by Ordinance.
2. Changes in funding levels within appropriations may be made at any time by action of the City Manager.
3. A receipt of revenue from a source not anticipated in the budget and received for a particular purpose including, but not limited to, grants, donations, gifts, or reimbursement for damages, may, by resolution of the City Council, be appropriated and expenditures provided for in the budget.

FY 2004/2005 BUDGET SCHEDULE



FY 2004/2005 BUDGET SCHEDULE (CON'T)



SIGNIFICANT FINANCIAL POLICIES

Summary of Accounting Policies

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. All Funds in Miami Gardens are appropriated. The various funds are grouped within three broad categories as follows:

- Governmental Fund Types:
 - :
1. General Fund (01) - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
 2. Transportation Fund (10) – The Transportation Fund is used to account for the revenues the City receives from the State-shared local option gas funds, and other revenues designated for transportation purposes. It is the operating fund for the City’s Public Works Department.
 3. Development Services Fund (15) – The Development Services Fund is the accounting entity for the City’s Building, Planning and Zoning Departments. The fund was established to capture a record of fees and expenses oriented toward the building and development industry to ensure that these service costs are largely recaptured by the users.
 4. Other Special Revenue Funds (10s) – Special Revenue Funds are used to account for the proceeds from specific revenue sources (other major capital projects) that are legally restricted to expenditures for specified purposes. The City currently has no Special Revenue Funds; however, it is anticipated that the City will operate a Stormwater Utility by mid-year and will establish an enterprise fund to account for its activities.
 5. Capital Project Fund (30) – The Capital Project Fund was established with the FY 04-05 budget through a dedicated property tax transfer of .1840 mills per year into the fund. This fund will serve as an operating fund for the construction of various projects, and will receive grants and other project-oriented revenues. Although the Fund is appropriated, there are no projects scheduled for FY 04-05.

6. Debt Service Funds (50s) - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs on general long term debt (other than those payable from the operations of enterprise funds). Capital Projects Funds (30s) – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The City has no debt service funds.

- Proprietary Fund Types:

1. Enterprise Funds (50s) - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Miami Gardens has no enterprise funds at the time of budget adoption.
2. Internal Service Funds (60s) – Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the Board on a cost reimbursement basis. The City currently does not have any Internal Service Funds established.

Basis of Accounting:

The term ‘Basis of Accounting’ refers to when revenues and expenditures or expenses are recognized in the City’s financial statements. Miami Gardens’ budget uses a basis for accounting that mirrors the basis used for actual accounting of City revenues and expenditures. Budgeting for local government is done using the modified accrual basis of accounting. Revenues are budgeted for the fiscal year in which those revenue are due. Expenditures are budgeted for the fiscal year in which the related fund liability is expected to be incurred.

Basis of Budgeting:

The following are the procedures established by the City Manager for the annual budget process for the City:

1. Prior to July 15, the City Manager, submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and financing means.
2. Public hearings and workshops are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an Ordinance.
4. The City Manager is authorized to make budgetary transfers, limited to line item allocations within a single fund, including apportioning budgets within funds to line items in the Chart of Accounts for the City. Said authority shall include the authority to correct inter-programmatic budgeting and accounting allocations. The power and authority herein granted shall not apply to the general contingency fund.
5. Budget transfers between appropriations require the approval of the City Council except as outlined below. Departmental budget/actual comparison reports are maintained and available for public inspection in the Auditing Department.
6. Formal budgetary integration is employed as a management control device during the year for all funds.
7. All fund budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. Florida Statutes provide that only expenditures in excess of those total fund budgets are unlawful.
9. Unused appropriations lapse at the end of each fiscal year; however, such unexpended funds shall be appropriated to the appropriate fund's budgeted reserve for the subsequent fiscal year.

10. The City Manager has the authority to adjust the adopted budget to correct scrivener's errors.
11. The City Manager is hereby authorized to appropriate unanticipated revenues as deemed necessary.
12. The City Manager is hereby authorized to create a suspension reserve account in each fund and, further, authorized to transfer funds across appropriation centers into said funds.
13. The Budget shall be automatically amended upon the adoption of a resolution to accept a grant or donation of funds.

Internal Budget Adjustments:

Budget adjustments are designed to give the City Manager a degree of flexibility in his/her budgetary administration. They may generally be approved for one of three reasons. First, a budgetary mistake may have been made in the approved budget. Because the budget cycle must begin so early in the year, it is very easy to overlook certain items which should have been included, or to over and/or underestimate the expenses or need for certain other items. A second reason for which transfers should be approved is emergency purchases. In many instances, equipment, supply, or maintenance costs must be incurred at a higher level than could have been anticipated due to a breakdown of equipment, the assumption of a new service, or unusually large contract prices. A third justification for an amendment is an avoidance of future cost increases. Such opportunities often arise when a certain product or service can be purchased at a certain time rather than putting off the purchase until a later date. Finally, a municipal organization needs to be dynamic to respond to change. Often this requires moving funds from one area to another.

Budget adjustments exist for very specific reasons, as noted above. They should not be used to balance an organization's budget each month. Operating within one's available budgetary resources is a managerial responsibility, and one which should be taken very seriously. The approved budget is only a plan and can be changed as circumstances change; however, it should be adhered to as closely as possible. The ready availability of large sums in certain sub-objects for amendments could suggest over-budgeting.

When needs are less than originally anticipated or should prices come in lower than budgeted, excess funds should accrue as savings to the City. They should not be considered as available dollars for additional expenditures beyond the appropriation level contained in the approved budget. These accrued savings become fund balance reserve or cash forward in the next year's budget, a very valuable revenue in maintaining service levels and avoiding tax rate increases. The more that can be accrued in one year, the easier the budget process will be the next year.

Capital equipment items not approved in the budget can be purchased in one of three ways. First, if the amount does not exceed \$2,500, and if the requesting party has the funds available, then Management and Budget can approve the purchase. Second, if the individual items or systems exceed \$2,500 but do not exceed \$25,000, and if the requesting party has funds available, then the City Manager or designee can approve the purchase. Third, individual items or systems over \$25,000 require City Council approval with justification of fund availability whether from within one's own budget or if requiring a transfer of the appropriate reserve.

Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

GENERAL FISCAL/BUDGET POLICIES

General Policy

1. The annual operating budget of the City of Miami Gardens, Florida, shall balance the public service needs of the community with the fiscal capabilities of the City. It is intended to achieve those goals and objectives established by the City Council for the following fiscal year. Service programs will represent a balance of services, but with special emphasis on the City public safety, quality of life, and compliance with various state and federal mandates. Services shall be provided on a most cost effective basis. A balance between personnel and other classes of expenditures will also be achieved.
2. The City recognizes that its citizens deserve a commitment from their local government to fiscal responsibility, and that a balanced operating budget is the cornerstone of fiscal responsibility. Annual operating expenditures (personal services, contracts, commodities and supplies, and capital outlay) will be fiscally balanced with revenues or income estimates that can reasonably and normally be projected to be received during the fiscal year. New programs or changes in policies which would require the expenditure of additional operating funds will either be funded through reductions in existing programs of lower priority or through adjustments to fee rates, service charges, or taxes.

3. Requests for new or changes to programs or policies will be accompanied by an analysis of the short and long-term impact on the operational budget caused by such changed or new program or policy. A standard format using this procedure shall be routinely provided to the commission when requesting approval of each new or changed program or policy.
4. New programs, services, or facilities shall be based on general citizen demand or need.
5. The City shall prepare and implement a Capital Improvement Budget (CIP), consistent with state requirements, which shall schedule the funding and construction of projects for a five-year period. The Capital Improvement Budget shall balance the needs for improved public facilities, as identified in the City's comprehensive plan, within the fiscal capabilities and limitations of the City.
6. The City shall maintain its accounting records in accordance with generally accepted accounting principles (GAAP), applied to governmental units as promulgated by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).
7. The City shall provide funding for public services on a fair and equitable basis, and shall not discriminate in providing such services on the base of race, sex, color, religion, national origin, physical handicap or other non-merit basis.
8. Budgets for all City departments and all other City expenditures, shall be under City Council appropriation control.
9. Inter-fund loans must be supported by a fiscally sound source of funds available for repayment.
10. Preparation of the City's budget shall be in such a format as to allow correlation with the costs reported in the City's Comprehensive Annual Financial Report.
11. Copies of the tentative and final budgets shall be provided at the North Dade Regional Public Library, and shall be available for inspection and copying at the office of the City Clerk. Copies of the tentative budget shall be provided at no charge at all public hearings and workshops.

FISCAL POLICY FOR ANNUAL OPERATING EXPENSES

All Funds - Revenue

1. Balance Budget Requirement: The operating budget of the City of Miami Gardens shall be balanced using current year revenues to finance current year expenditures. Fund balances shall not normally be budgeted as a resource to support routine annual operating expenses. Fund balances may be budgeted as a resource to support capital, debt, or extraordinary major maintenance needs on a non-recurring basis, or as reserves to be carried forward. Under ordinary economic conditions, the use of fund balance forward should not exceed .25 mills equivalent.
2. Revenue projections will be based on an analysis of historical trends and reasonable assumptions of future conditions.
3. Revenue estimates will be made on a reasonable conservative basis to ensure that estimates are realized.
4. The operating budget will be prepared based on 95% of the certified taxable value of the property tax roll revenues.
5. The City will not use long-term debt to finance expenditures required for operations.
6. As early as practical in each annual budgeting cycle, the City Council shall give direction to staff as to the circumstances under which an ad valorem tax millage increase would be considered. Normally, such direction should be given in conjunction with the setting of a tentative budget calendar.
7. Fees should be collected on all City-provided services for which specific users may be readily identified and use may be reasonably quantified. The amount of the fee should be based on actual costs incurred in providing the services (or facility), and shall be reviewed at least biannually. The degree to which fees shall recover full costs shall be a policy determination of the City Council.

All Funds - Requirements

1. Normal maintenance requirements necessary to sustain the basic asset value will be included in the budget of the proper operating fund.

2. Contractual obligations and compensation plans for employees will be provided.
3. Capital for major improvements and automation of services will be based on multiple-year planning and cost benefit analysis.
4. Reserve for Contingency - This reserve should be established only in those funds where emergencies may occur. The amount recommended is a minimum of 5% of operating for major funds.
5. Each year, the risk manager shall prepare an estimate of amounts to be budgeted for workers' compensation, self-insured, and malpractice claims. This amount shall be discussed with the City Council at as early a date thereafter as practical.

All Funds - Fund Balance

1. Maintaining an adequate cash balance is essential. A minimum of 12% for major funds based on individual funds' needs or an amount equal to that necessary to avoid any short-term borrowing from the fund pool; whichever is greater (based upon historical analysis and projection).
2. The balances of each fund will be maintained by using a conservative approach in estimating revenues and by ensuring that expenditures do not exceed the appropriations.
3. The City shall develop a program to implement a fund balance reserve through a dedicated ad valorem tax..
4. Any anticipated deficit at year end, unless it can be eliminated from the cash flow from operations within the first three months of the next fiscal year, will be provided for in the current year's transfers.

Specific Guidelines For Individual Funds

General Fund

It is the objective of the City to pay as great a portion of operating expenses of the general fund as possible from sources other than ad valorem taxes. Only to the extent that non-ad valorem tax sources of revenue are inadequate to support services at desired levels should ad valorem taxes be considered for an increase. Service charges and fees for all general fund services will be analyzed to ensure an appropriate proportional recovery of direct costs and overhead from Proprietary Funds.

The annual operating budget of any enterprise operating fund shall pay the appropriate general fund operation for a portion of the cost of general administrative departments and a payment-in-lieu-of taxes which will be computed on the latest undepreciated value as established in the latest C.A.F.R. Services charges, rent, and fee structure will be established so as to ensure recovery of all costs for these funds to the fullest extent possible, considering public benefit.

Internal Services Funds

Charges to departments for services rendered will be sufficient to cover the total cost of performing services on an efficient basis. Lease purchase or borrowing of funds will be considered appropriate as a means of stabilizing capital outlay costs. Interest on such borrowings shall be paid by the using department.

FISCAL POLICY FOR CAPITAL EXPENDITURES AND DEBT FINANCING

All Funds

Revenue: Revenue projections for the Capital Improvement Budget shall be based on conservative assumptions of future earnings and bond market conditions.

Requirements: Capital projects shall be justified in relation to the applicable elements of the City's comprehensive plan or other requirements or needs. Estimated requirements for capital projects shall include all costs reasonably associated with the completion of the project. The impact of each project on the operating revenues and requirements of the City shall be analyzed as required by the general fiscal policy stated above.

Long Term Debt: Long term borrowing will not be used to finance current operations or normal maintenance. A policy of full disclosure will be followed in all financial reports and official statements for debt.

Medium Term Debt: Lease purchase methods, bonds, or other debt instruments may be used as a medium-term (4 to 10 years) method of borrowing for the financing of vehicles, other specialized types of equipment, or other capital improvements. The equipment or improvement must have an expected life at least equal to the years leased or financed. The City will determine and utilize the least costly financing methods available and where practical, shall use an open bid system for such financing. Such debt arrangements will be repaid within the expected life of the equipment or improvement acquired.

Short Term Debt: Short-term borrowing may be utilized for temporary funding of anticipated tax revenues, anticipated grant payments, anticipated bond proceeds, or other expected revenues. Such debt should normally be made from pooled cash; however, in rare circumstances, it may be by the use of the line-of-credit at the City's depository or other financial institution, utilizing a short-term note maturing before the end of the current appropriation period. Other short-term debt, such as tax exempt commercial paper, bond anticipation notes, tax anticipation notes, or grant anticipation notes, may be used when it provides immediate financing and an interest advantage, or the advantage to delay long-term debt until market conditions are more favorable. The City will determine and utilize the least costly method for short term borrowing. Short-term debt may be refunded in accordance with applicable federal laws. Anticipated funding is defined as an assured source with the anticipated amount based on conservative estimates.

Specific Guidelines

- 1 General Capital Improvements: General capital improvements, or those improvements not related to City-owned enterprises, shall be funded from general operating fund revenues or fund balances, the sale of revenue bonds, or general obligation bonds, and from special assessments and grants.
2. Pay-As-You-Go Capital Improvements: Pay-As-You-Go capital improvements shall be funded from general operating fund revenues or fund balances, state and federal grants, special assessments, or other sources of revenue which may become available to the City. Major capital projects related to the delivery of general public services shall be paid from general purpose revenues.
3. Special Assessments: When special assessments are used for Pay-As-You-Go general capital improvements where the City as a whole receives the benefit, the interest rate charged will be established by the City consistent with state law.
4. Revenue Bond Debt Limit: Sale of revenue bonds shall be limited to that amount which can be supported by user fees and other associated revenues. Revenue bond coverage shall not be less than parity required coverage. The total net annual general revenue bond debt service should not exceed 25% of the total net general purpose revenue and other funds available for such debt service. Net annual debt service shall be gross annual debt service less estimated interest on debt service reserve accounts and funds from other governmental units designated for payment of such debt service.
5. Enterprise Capital Improvements: Enterprise revenue bond coverage shall not be less than parity or the required coverage, whichever is greater.

6. Miscellaneous: The maximum percentage of net overlapping bonded debt to assessed value shall be 4%. The maximum of net bonded debt per capita shall be \$600. The maximum percentage of annual debt service to general expenditures shall be 10%.

INVESTMENT POLICY

Scope

This investment policy applies to all financial assets of the City of Miami Gardens, which are under the direct control of the City Council.

Investment Objectives

The following investment objectives will be applied in the management of the City's funds.

1. Safety of Capital - Safety of capital is regarded as the highest priority in the handling of investments for the City. All other investment objectives are secondary to the safety of capital. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value. From time to time, securities may be traded for other similar securities to improve yield, maturity, or credit risk. For these type transactions, a loss may be incurred for accounting purposes, provided any of the following occurs with respect to the replacement security:

- a. Yield has been decreased;
- b. Maturity has been reduced;
- c. Quality of the investment has been improved.

2. Liquidity - The City's investment strategy will provide sufficient liquidity such that cash flow requirements are met through the utilization of marketable securities with structured maturities.

3. Yield - In investing public funds, the City will strive to maximize the return on the portfolio but will avoid assuming unreasonable risk.

Standards Of Care

1. Prudence and Ethical Standards – The “prudent person” standard shall be used in the management of the overall investment portfolio. The prudent person standard is herewith understood to mean the following: Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Investment officers, or persons performing the investment functions, acting as a “prudent person” in accordance with this written policy and procedures, exercising due diligence and investments authorized by law, shall be relieved of personal responsibility, for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion, as described in the internal control section of this policy, and appropriate action is taken to control adverse developments.

2. Investment Authority - Responsibility for the administration of the investment program is vested in the City Manager. The City Manager shall exercise this authority and regulate the administration of the investment program through the Finance Department. No person may engage in an investment transaction except as stated in the internal controls section of the policy.

3. Ethics and Conflicts of Interest – The Mayor, City Council, City Manager, and Finance Department employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. The above personnel shall disclose any material interests in financial institutions with which they conduct business and any personal financial or investment positions that could be related to the performance of the investment portfolio. Investment related officers and personnel shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity.

Safekeeping And Custody

Authorized Investment Institutions and Broker/Dealers

Documented lists of the authorized financial institutions and broker/dealers will be developed and maintained by the Finance Director and approved by the City Manager. Broker/ dealers will consist of banks, regional firms, and other recognizable firms in the general securities business. Evaluation criteria will include:

- a. The institutional and broker qualification as they relate to both general and specific product knowledge;
- b. The technical support capabilities as well as the operations efficiency of the organization;
- c. The ability to provide value added services;
- d. Pricing competitiveness based on the ability of the dealer to support both the “bid” and “ask” side of various securities market instruments.
- e. The financial strength and security of the company; and
- f. Have a minimum capital of \$10 million. Before engaging in investment transactions with a financial institution or broker/dealer, the Finance Director will have received from said a signed investment certification form attesting that the individuals responsible for the City’s accounts have reviewed the City’s investment policy and that they agree to undertake reasonable efforts to preclude imprudent transactions involving the City’s funds.

Time, practicality, and general business constraints limit the number of investment relationships which can be managed on a regular basis. In most cases, normal investment activity will be limited to no more than five relationships. In all cases, investment relationships will consist of a minimum of three institutions. If at any time the City Manager is appropriately notified of any threat to the integrity of the investment portfolio, proper security measures may be suggested and implemented, and the clerk shall have the option to further restrict investment in selected instruments, to conform to then present market conditions. Repurchase agreements will be conducted through, and negotiated only with, qualified public depository financial institutions and primary securities broker/dealers. A written master repurchase agreement will be negotiated with any institution with which the City, through the clerk, enters into a specific repurchase agreement.

Internal Controls

The City Manager shall exercise and monitor a set of internal controls which are designed to protect the City’s funds and ensure proper accounting and reporting of the securities transactions. Such internal controls shall consist of the following:

- a. All securities purchased or sold will be transferred only under the “delivery versus payment” method to ensure that funds or securities are not released until all criteria relating to the specific transactions are met.

- b. The City Manager is authorized to accept, on behalf of and in the name of the City of Miami Gardens, bank trust receipts and/or confirmations as evidence of actual delivery of the obligation or securities in return for investment of funds. Trust receipts or confirmations shall fully describe the various obligations or securities held. The receipt or confirmation shall state that the investment is held in the name of the City of Miami Gardens.
- c. Written documentation and/or confirmation of telephone transactions and wire transfers will be maintained.
- d. There will be adequate separation of duties with clear delegation of authority among investment personnel.
- e. Custodial safekeeping shall be properly utilized.
- f. Investment review and performance reporting, interim and annual, shall be done by the Finance Director and reviewed by the City Manager.
- g. The Finance Director will promptly notify the City Manager of any threat to the safety of the portfolio and proper security measures will be suggested and implemented to conform to market conditions.
- h. There will be an avoidance of bearer-form securities.
- i. There will be no physical delivery of securities, except certificates of deposit, which will be maintained in a safe in an approved financial institution.
- j. There will be a prohibition of collusion.
- k. A wire transfer agreement with the custodial bank outlining the various controls and security provisions for making and receiving wire transfers shall be executed.
- l. Quarterly safekeeping account statements shall be maintained.
- m. Transaction confirmations will be received from the financial institution or securities dealer awarded the investment and maintained as investment document.

n. Periodic training and educational opportunities will be provided and made available concerning investments and related subjects for appropriate personnel.

o. Investment activity will be performed by the Finance Director and subsequently approved by the City Manager. In the absence of the Finance Director, the Chief Staff Accountant responsible for overseeing investment record keeping, will perform the investment activity and obtain approval of the City Manager.

p. The following personnel are designated by the City Manager as having authority to initiate all investment activities.

1. Finance Director

2. Chief Staff Accountant responsible for overseeing investment record keeping.

q. Additional controls will be established in written policies and procedures by the City Manager as needed.

r. The internal controls for investments receipts to the City Manager's office listing the specific instrument, par value, rate, maturity, and any other pertinent information. In addition, the safekeeping institution shall send a report on at least a quarterly basis listing all securities held in each safekeeping account which shall be verified by the City Manager's office. All securities purchased by the City under this policy shall be purchased using the "delivery versus payment" procedure. If it is ever determined to be necessary to perform security transactions on a "free delivery" basis, or to have securities held by the broker/dealer for a temporary period, the approval of the Finance Director must be secured prior thereto and the reason documented in writing.

Suitable And Authorized Investments

The City shall limit investments to:

1. Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, and which carry the full faith and credit of, the United States Government and its agencies. Investments in this category would include, but not be limited to, the following: United States Treasury Bills, Notes and Bonds, and securities issued by the Government National Mortgage Association (Ginnie Mae), and Federal Housing Administration.

2. Fully collateralized United States Agency obligations which carry an implied guarantee and the implied full faith and credit of the United States Government. Investments in this category would include, but not be limited to, the following: obligations of the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA)
3. Other United States Agency obligations which carry an implied guarantee and the implied full faith and credit of the United States Government. Investments in this category would include but not be limited to the following: obligations of the Federal Farm Credit Bank, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Student Loan Marketing Association (Sallie Mae), Financial Assistance Corporation, and Federal Agriculture Mortgage Corporation (Farmer Mac).
4. Permitted investments in the above listed agencies and instrumentalities shall include bonds, debentures, notes, or other evidence of indebtedness issued including mortgage pass-throughs, collateralized mortgage obligations, adjustable rate securities, and adjustable rate mortgages.
5. Interest bearing savings accounts, money market accounts, certificates of deposit, money market certificates, or time deposits constituting direct obligations of any bank or savings and loan association certified as a qualified public depository by the State.
6. Repurchase agreements collateralized by securities otherwise authorized in paragraphs one to five.
7. State of Florida Local Government Surplus Funds Trust Fund.

Bid Requirement

When purchasing or selling securities, the Finance Director, or his designated staff, will obtain competitive bids or offerings from at least three dealers, except in situations where:

1. The security involved is a “new original issue” and can be purchased at par prior to issue date, or “at the window” at date of sale;
2. The security involved is available through direct issue or private placement;
3. The security involved is of particular special interest to the entity and dealer competition could have an adverse impact with respect to the price and availability to the entity.

Reporting

The Auditor shall generate monthly reports for management purposes. In addition, the Auditor shall submit an annual report for submission to the Board, which presents the City's portfolio by type of investment, book value, income earned, and market value as of the report date.

Investment Parameters

1. Liquidity Requirements - To meet the day to day operating need of the City and to provide the ready cash to meet unforeseen temporary cash requirements, a liquidity base of approximately two months of anticipated disbursements, excluding bond construction payments made from escrow or trust accounts, will be kept in relatively short term investments. These would include State of Florida Local Government Surplus Funds, Trust Fund, Discount Notes, Repurchase Agreements.

2. Portfolio Composition; Risk and Diversification - Prudent investing necessitates that the portfolio be diversified as to instruments and dealers. The following limits are hereby established to serve as guidelines for diversification by instrument. These guidelines may be revised by the City Manager for special circumstances.

- Local Government Surplus Funds Trust Fund 100%
- United States Treasury Bills/Notes/Bonds 75%
- Other United States Government Agencies 75%
- Repurchase Agreements 35%
- Certificates of Deposit 10%
- Collateralized Mortgage Obligations 10%

3. Performance Standard - The City seeks to optimize return on investments within the constraints of safety and liquidity. The investment portfolio shall be designed with the annual objective of exceeding by 25 basis points above the weighted average return earned on investments held the State Board of Administration (SBA).